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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

11 EDGE GAMES, LLC, A)
12 CALIFORNIA LIMITED)
13 LIABILITY COMPANY,)
14 v.)
15 HOUGHTON MIFFLIN)
16 HARCOURT PUBLISHING)
17 COMPANY, A MASSACHUSETTS)
18 CORPORATION; AND DOES 1)
19 10,)
20 Defendants.)

Case No. EDCV 13 02123 VAP
(DTBx)

**ORDER GRANTING IN PART
DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT AND DENYING
PLAINTIFF'S MOTION FOR
PARTIAL SUMMARY JUDGMENT**

[Motions filed on 4/6/15]

20 Before the Court are the parties' cross motions for
21 summary judgment or partial summary judgment. For the
22 reasons stated below, Plaintiff's motion is DENIED and
23 Defendant's motion is GRANTED IN PART and DENIED IN PART.

I. BACKGROUND

25 Plaintiff Edge Games produces and sells a game based
26 on the periodic table of the elements, known as "Science
27 Fusion the Elements of the Scienauts." ("Scienauts game")
28 Defendant Houghton Mifflin Harcourt ("HMH") publishes a

1 line of science textbooks designed for kindergarten
2 through eighth grade called "ScienceFusion."

3 On November 19, 2013, Plaintiff filed suit against
4 Defendant, alleging trademark infringement and false
5 advertising based on Defendant's use of the name
6 "ScienceFusion." ("Complaint," Doc. No. 1 at 1.) On
7 April 6, 2015, Plaintiff filed a motion for summary
8 judgment on the issue of likelihood of confusion (i.e.
9 infringement). ("P.'s MSJ," Doc. No. 45 at 2.) On the
10 same day, Defendant filed a motion for summary judgment
11 on three issues:

- 12 1. Likelihood of confusion (i.e. infringement)
- 13 2. Damages
- 14 3. Liability for false advertising

15 ("D.'s MSJ," Doc. No. 41 at 1.)

16 Defendant filed an opposition to Plaintiff's motion
17 for summary judgment on April 13, 2015. Plaintiff did
18 not submit a reply to Defendant's opposition.

19 Plaintiff did not submit an opposition to Defendant's
20 motion for summary judgment. Treating Plaintiff's own
21 motion for summary judgment on the issue of infringement
22 as an implicit partial opposition to Defendant's motion
23 for summary judgment, Defendant filed a reply on April
24 20, 2015. The Court follows suit in construing
25 Plaintiff's motion for summary judgment on the issue of
26 infringement as an opposition to Defendant's motion as to
27 the same issue.

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II. LEGAL STANDARD

A motion for summary judgment or summary adjudication shall be granted when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247 48 (1986). The moving party must show that "under the governing law, there can be but one reasonable conclusion as to the verdict." Anderson, 477 U.S. at 250.

Generally, the burden is on the moving party to demonstrate that it is entitled to summary judgment. Margolis v. Ryan, 140 F.3d 850, 852 (9th Cir. 1998); Retail Clerks Union Local 648 v. Hub Pharmacy, Inc., 707 F.2d 1030, 1033 (9th Cir. 1983). The moving party bears the initial burden of identifying the elements of the claim or defense and evidence that it believes demonstrates the absence of an issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986).

Where the non moving party has the burden at trial, however, the moving party need not produce evidence negating or disproving every essential element of the non moving party's case. Celotex, 477 U.S. at 325. Instead, the moving party's burden is met by pointing out that there is an absence of evidence supporting the non moving party's case. Id.

The burden then shifts to the non moving party to show that there is a genuine issue of material fact that

1 must be resolved at trial. Fed. R. Civ. P. 56(e);
 2 Celotex, 477 U.S. at 324; Anderson, 477 U.S. at 256. The
 3 non moving party must make an affirmative showing on all
 4 matters placed in issue by the motion as to which it has
 5 the burden of proof at trial. Celotex, 477 U.S. at 322;
 6 Anderson, 477 U.S. at 252. See also William W.
 7 Schwarzer, A. Wallace Tashima & James M. Wagstaffe,
 8 Federal Civil Procedure Before Trial § 14:144. "This
 9 burden is not a light one. The non moving party must
 10 show more than the mere existence of a scintilla of
 11 evidence." In re Oracle Corp. Securities Litigation, 627
 12 F.3d 376, 387 (9th Cir. 2010) (citing Anderson, 477 U.S.
 13 at 252).

14 A genuine issue of material fact will exist "if the
 15 evidence is such that a reasonable jury could return a
 16 verdict for the non moving party." Anderson, 477 U.S. at
 17 248. In ruling on a motion for summary judgment, a court
 18 construes the evidence in the light most favorable to the
 19 non moving party. Barlow v. Ground, 943 F.2d 1132, 1135
 20 (9th Cir. 1991); T.W. Elec. Serv. Inc. v. Pac. Elec.
 21 Contractors Ass'n, 809 F.2d 626, 630 31 (9th Cir. 1987).

22 III. DISCUSSION

23 A. Likelihood of Confusion

24 Infringement of federally registered trademarks is
 25 governed by the test of whether Defendant's use is
 26 "likely to cause confusion, or to cause mistake, or to
 27 deceive." 15 U.S.C. § 1114(1)(a). In determining
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1 whether confusion is likely, the following factors are
2 relevant:

- 3 1. strength of the mark;
- 4 2. proximity of the goods;
- 5 3. similarity of the marks;
- 6 4. evidence of actual confusion;
- 7 5. marketing channels used;
- 8 6. type of goods and the degree of care likely to
be exercised by the purchaser;
- 9 7. defendant's intent in selecting the mark; and
- 10 8. likelihood of expansion of the product lines.

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12 AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 49 (9th
13 Cir. 1979).

14 The Court considers each of the Sleekcraft factors in
15 turn below.

16 **1. Strength of the Mark**

17 Marks are grouped into classifications, with each
18 classification receiving a different level of protection.
19 "A strong mark is inherently distinctive, for example, an
20 arbitrary or fanciful mark; it will be afforded the
21 widest ambit of protection from infringing uses."

22 Sleekcraft, 599 F.2d at 349. "A descriptive mark tells
23 something about the product; it will be protected only
24 when secondary meaning is shown." Id. "In between lie
25 suggestive marks which subtly connote something about the
26 products. Although less distinctive than an arbitrary or
27 fanciful mark and therefore a comparatively weak mark, a

1 suggestive mark will be protected without proof of
2 secondary meaning." Id.

3 The parties agree that the mark at issue is
4 suggestive, falling between a purely fanciful and a
5 purely descriptive mark. (D.'s MSJ at 7; P.'S MSJ at 7.)
6 As a suggestive mark, it is entitled to protection
7 without proof of secondary meaning, but "it is a weak
8 mark entitled to a restricted range of protection. Thus,
9 only if the marks are quite similar, and the goods
10 closely related, will infringement be found." Sleekcraft
11 at 350.

12 **2. Proximity of the Goods**

13 "For related goods, the danger presented is that the
14 public will mistakenly assume there is an association
15 between the producers of the related goods, though no
16 such association exists. The more likely the public is
17 to make such an association, the less similarity in the
18 marks is requisite to a finding of likelihood of
19 confusion." Sleekcraft at 350 (internal citations
20 omitted). This factor thus requires looking at whether
21 the products "would reasonably be thought by the buying
22 public to come from the same source if sold under the
23 same mark." Id. at 348 n.8. This is more likely to
24 occur when the parties' goods are (1) complementary, (2)
25 sold to the same class of purchasers, or (3) are similar
26 in use or function. Id. at 350.

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1 Defendant argues that the goods at issue here are
2 unrelated because (1) the goods are not promoted or sold
3 together, (2) the primary purpose of the Scienauts game
4 is fun while HMH's product is a science curriculum, and
5 (3) the parties do not target the same class of
6 purchasers. Plaintiff, on the other hand, argues that
7 both products are designed to educate students about
8 science and are therefore complementary.

9 The Court concludes that a genuine dispute of fact
10 exists as to whether the goods would reasonably be
11 thought by the buying public to come from the same source
12 if sold under the same mark. A jury could reasonably
13 find that a consumer might mistakenly believe that the
14 Scienauts game is a complementary product to HMH's
15 textbooks, intended to supplement the curriculum with an
16 additional educational medium.

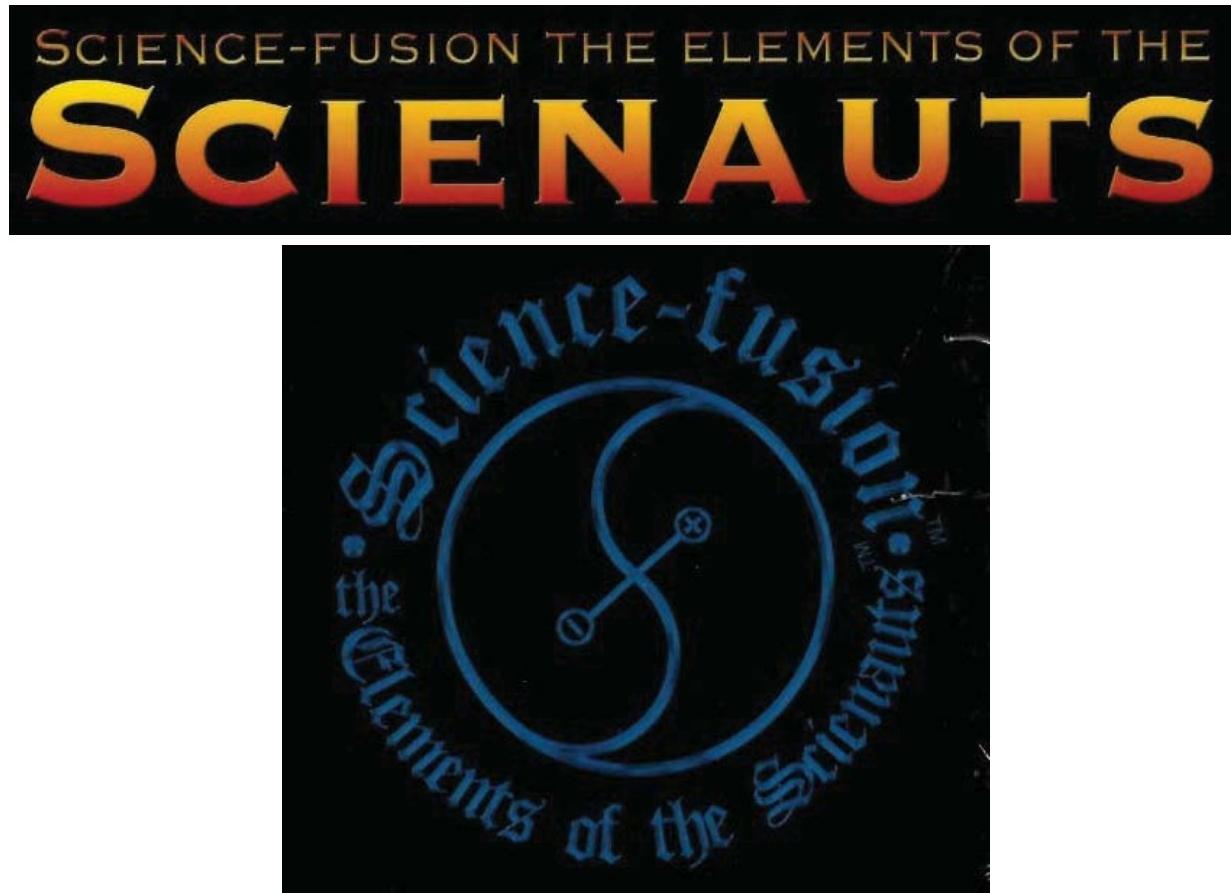
17 **3. Similarity of the Marks**

18 "Similarity of the marks is tested on three levels:
19 sight, sound, and meaning. Each must be considered as
20 they are encountered in the marketplace." Sleekcraft at
21 351 (internal citations omitted). Each level of
22 similarity is considered in turn below. The Court
23 concludes that a dispute of fact exists whether the marks
24 are similar enough to cause a likelihood of confusion,
25 because the various levels on which similarity is tested
26 weigh in different directions regarding the likelihood of
27 confusion analysis.

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1 **a. Sight**

2 The following are examples of Plaintiff's mark as
3 encountered on its Scienauts game.



19 The following are examples of Defendant's mark as
20 encountered on its line of textbooks.



1 From a visual perspective, the marks do appear quite
2 different. They use radically different color schemes
3 and, although the first example of Plaintiff's mark has
4 "Science Fusion" in a sans serif font, like Defendant's,
5 Plaintiff's mark appears in all caps or small caps, while
6 Defendant's mark appears in lowercase letters, except for
7 the 'f' of "Fusion."

8 Plaintiff's mark includes a hyphen between "Science"
9 and "Fusion," while Defendant's mark does not. As
10 Plaintiff points out, however, the visual impact of this
11 difference is relatively minimal.

12 Defendant's mark also includes the publisher's name
13 in some instances, which helps to prevent confusion,
14 though it is not present in every instance. On the
15 whole, the visual differences between the marks weigh
16 against a finding of likelihood of confusion.

17 **b. Sound**

18 "Sound is also important because reputation is often
19 conveyed word of mouth." Sleekcraft at 351. Plaintiffs
20 are correct that, because the only lexical difference
21 between the marks is the presence of a hyphen in
22 Plaintiff's mark, the two marks sound identical.
23 Accordingly, the audible similarity between the marks
24 weighs in favor of a finding of likelihood of confusion.

25 **c. Meaning**

26 With respect to similarity on the level of meaning,
27 neither party has suggested that the introduction or
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1 elimination of a hyphen between "science" and "fusion"
2 alters the meaning of the phrase in any way so as to
3 reduce the likelihood of confusion. Accordingly, the
4 similarity in meaning between "Science Fusion" and
5 "ScienceFusion" weighs in favor of a finding of
6 likelihood of confusion.

7 **4. Evidence of Actual Confusion**

8 "Evidence that use of the two marks has already led
9 to confusion is persuasive proof that future confusion is
10 likely." Sleekcraft at 352. Nevertheless, "[b]ecause of
11 the difficulty in garnering such evidence, the failure to
12 prove instances of actual confusion is not dispositive.
13 Consequently, this factor is weighed heavily only when
14 there is evidence of past confusion...." Id. at 353
15 (internal citations omitted).

16 HMH is correct that EG's showing of actual confusion
17 is quite weak, consisting of little more than anecdotes
18 of a few customers asking if the products were related
19 and testimony that Amazon's marketing algorithm
20 considered them to be related products for purposes of
21 marketing emails. As the absence of proof on this factor
22 is normally given relatively little weight, however, this
23 factor does not weigh heavily in favor of either side.

24 **5. Marketing Channels Used**

25 "Convergent marketing channels increase the
26 likelihood of confusion," because it means "the general
27 class of [consumers] exposed to the products overlap."
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1 Sleekcraft at 353. Evidence that the parties advertise
2 or distribute their products differently indicates a
3 lesser likelihood of confusion.

4 The record shows that overlap in marketing channels,
5 while minimal, is not non existent. (See, e.g., "Pelzel
6 Depo.," Doc. No. 41 2, Ex. 15 at 182:17 25; "Smith Herbst
7 Decl.," Doc. No. 41 1 at ¶ 16.) Thus, while the evidence
8 does appear to weigh in Defendant's favor on this factor,
9 the evidence is not so conclusive as to merit summary
10 judgment for Defendant.

11 **6. Type of Goods and the Degree of Care Likely to
12 be Exercised by the Purchaser**

13 "In assessing the likelihood of confusion to the
14 public, the standard used by the courts is the typical
15 buyer exercising ordinary caution. Although the wholly
16 indifferent may be excluded, the standard includes the
17 ignorant and the credulous. When the buyer has expertise
18 in the field, a higher standard is proper though it will
19 not preclude a finding that confusion is likely.
20 Similarly, when the goods are expensive, the buyer can be
21 expected to exercise greater care in his purchases;
22 again, though, confusion may still be likely."
23 Sleekcraft at 353 (internal citations omitted).

24 The uncontroverted evidence is that elementary school
25 textbooks are generally chosen by committees of teachers
26 and other school professionals with expertise in the
27 field. (Smith Herbst Decl. at ¶ 10.) Additionally, the
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1 adoption of new textbooks represents a significant
2 financial investment for most schools, often involving a
3 multi year commitment. (Smith Herbst Decl. at ¶ 17.)
4 This weighs heavily against a finding of likelihood of
5 confusion with respect to purchasers of HMH's product.

6 EG's Scienauts game, on the other hand, costs only
7 \$29 for a starter kit with expansion packs costing \$7
8 each. ("Leach Depo.," Doc. No. 41 2, Ex. 14 at 95:12
9 96:21.) This is not a significant financial investment
10 compared to many educational costs. It is not at all
11 difficult to imagine a parent seeing a copy of EG's
12 Scienauts game in a game store and relying on the
13 "Science Fusion" mark on the game to infer that it is
14 associated with his or her child's science textbook
15 manufacturer, perhaps concluding that it is a
16 supplemental educational material that could enrich the
17 child's science curriculum. The cost of Plaintiff's
18 product is not so high as to make significant research on
19 the manufacturer of the game likely.

20 Accordingly, there is evidence cutting both ways on
21 the issue of the degree of care likely to be exercised by
22 the ordinary consumer, making summary judgment
23 inappropriate.

24 **7. Defendant's Intent in Selecting the Mark**

25 "When the alleged infringer knowingly adopts a mark
26 similar to another's, reviewing courts presume that the
27 defendant can accomplish his purpose: that is, that the
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1 public will be deceived. Good faith is less probative of
2 the likelihood of confusion...." Sleekcraft at 354
3 (internal citations omitted). There is no evidence here
4 that Defendant had any awareness of Plaintiff's mark or
5 that Defendant had any intent to capitalize on a
6 similarity to Plaintiff's mark in designing its own mark.
7 Rather, the overwhelming evidence suggests that Defendant
8 chose the mark in good faith. But since good faith is
9 less probative of likelihood of confusion, this factor
10 does not weigh heavily in favor of either party.

11 **8. Likelihood of Expansion of the Product Lines**

12 "Inasmuch as a trademark owner is afforded greater
13 protection against competing goods, a 'strong
14 possibility' that either party may expand his business to
15 compete with the other will weigh in favor of finding
16 that the present use is infringing." Sleekcraft at 354.

17 Here, there is no evidence that EG intends to expand
18 its business to include textbooks, nor is there any
19 evidence that HMH intends to expand its business beyond
20 textbooks. Accordingly, there does not appear any
21 realistic possibility that the parties' products will
22 come into direct competition, and this factor weighs
23 against a finding of likelihood of confusion.

24 After considering the Sleekcraft factors, the Court
25 concludes that, although it is a close call, there is a
26 triable issue of fact as to whether the Defendant's mark
27 presents a likelihood for confusion. While much of the
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1 evidence tips in Defendant's favor, a reasonable jury
2 could decide that, in light of the similarities between
3 the marks and the purposes for which the products are
4 used, consumers might be confused into thinking that both
5 products come from the same producer. Accordingly,
6 summary judgment is inappropriate as to this issue.

7 **B. Damages**

8 Defendant seeks partial summary judgment that
9 Plaintiff is not entitled to monetary relief because it
10 has suffered no damages as a result of Defendant's
11 alleged trademark infringement and Defendant has made no
12 profits on the alleged infringing products to warrant
13 disgorgement. Plaintiff has not submitted an opposition
14 to this motion, so if Defendant has met its burden of
15 showing an absence of dispute of material fact, it is
16 entitled to summary judgment on this issue.

17 A prevailing plaintiff in a trademark infringement
18 case is entitled to recover damages actually sustained by
19 the plaintiff as well as the defendant's profits. 15
20 U.S.C. § 1117(a). HMH argues that it is entitled to
21 summary judgment on both issues.

22 **1. Damages Sustained by Plaintiff**

23 "When seeking damages, a plaintiff must prove both
24 the fact and the amount of damage." Intel Corp. v.
25 Terabyte Int'l, Inc., 6 F.3d 614, 620 (9th Cir. 1993).
26 Actual damages in an action for trademark infringement
27 "are typically measured by any direct injury which a
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1 plaintiff can prove, as well as any lost profits which
2 the plaintiff would have earned but for infringement."
3 Lindy Pen Co. v. Bic Pen Corp., 982 F.2d 1400, 1407 (9th
4 Cir. 1993).

5 With respect to lost profits, Defendant points to the
6 lack of any evidence of lost profits, as well as the
7 deposition testimony of EG's 30(b)(6) representative that
8 he did not know if EG had lost any profits as a result of
9 HMH's alleged infringement. (See Leach Depo. at 256:11
10 14.) This is sufficient to meet Defendant's burden as
11 the party moving for summary judgment, and Plaintiff has
12 not submitted any opposition. Accordingly, summary
13 adjudication that Plaintiff has suffered no lost profits
14 as a result of Defendant's alleged infringement is
15 appropriate.

16 With respect to other direct injuries Plaintiff may
17 have suffered, the only direct injury claimed by EG is
18 lost goodwill. (See Leach Depo. at 268:23 69:3.)
19 Defendant points to the lack of evidence of the value of
20 any alleged lost goodwill, including EG's failure to
21 procure an expert report on the issue of damages.
22 ("McCauley Decl.," Doc. No. 41 1 at *34, ¶ 20.)
23 Defendant has met its burden as the moving party of
24 showing the absence of a genuine issue of material fact,
25 and Plaintiff has not submitted any opposition.
26 Accordingly, summary adjudication that Plaintiff cannot
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1 prove the monetary value of any alleged lost goodwill is
2 appropriate.

3 **2. Defendant's Profits**

4 "In assessing profits the plaintiff shall be required
5 to prove defendant's sales only; defendant must prove all
6 elements of cost or deduction claimed." 15 U.S.C. §
7 1117(a). HMH has submitted evidence that it has earned
8 no profit from its ScienceFusion textbook series, and
9 that indeed it has incurred a loss. (Smith Herbst Decl.
10 at ¶ 18; "Pampinella Decl.," Doc. No. 41 4 at *7, ¶¶ 50
11 51.) Plaintiff has offered no expert evidence to dispute
12 any of the opinions offered by HMH's accounting expert
13 regarding HMH's lack of profit on the accused product.
14 (McCauley Decl. at ¶ 20.)

15 Defendant has met its burden as the moving party to
16 show the absence of a genuine dispute of material fact,
17 and Plaintiff has not submitted any opposition.
18 Accordingly, summary judgment that Defendant has earned
19 no profits on the accused product is appropriate.

20 **C. False Advertising**

21 Defendant seeks summary adjudication as to
22 Plaintiff's false advertising claim. Plaintiff has not
23 submitted an opposition to this motion, so if Defendant
24 has met its burden of showing an absence of dispute of
25 material fact, it is entitled to summary judgment on this
26 issue.

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1 Plaintiff's complaint alleges that Defendant's use of
 2 Plaintiff's trademark "misrepresents Defendant's goods in
 3 that it tends to lead consumers to believe they are
 4 dealing with Plaintiff's game and/or a variation
 5 thereof." ("Compl.," Doc. No. 1 at ¶ 34.) Defendant
 6 points to two essential elements of Plaintiff's claim on
 7 which there is a complete absence of evidence.

8 First, Defendant points out there is no evidence that
 9 any consumer believed HMH's textbooks were sponsored by
 10 or associated with EG or the Scienauts game. (See, e.g.,
 11 Smith Herbst Decl. at ¶ 18.) Defendant's position is
 12 corroborated by EG's 30(b) (6) testimony. EG's
 13 representative stated that EG's customers questioned
 14 whether EG had the right to use the Science Fusion mark,
 15 but did not testify that anyone believed HMH's product
 16 was affiliated with EG. Accordingly, there is no
 17 evidence to suggest that Defendant's use of the mark
 18 tends to lead consumers to believe HMH's product is
 19 associated with Plaintiff's game.¹

20 Second, Defendant points out that, even if consumers
 21 did believe HMH's textbooks were associated with EG,
 22 Plaintiff has presented no evidence of actual harm caused
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24 ¹ This conclusion is not in conflict with the Court's
 25 decision regarding the likelihood of confusion, as
 26 Plaintiff's trademark infringement theory is centered on
 27 the allegation that consumers are likely to believe that
 28 Plaintiff's product is associated with Defendant, not
 vice versa. (See, e.g., P.'s MSJ at 12 13 ("This is a
 reverse confusion case.... Reverse confusion is the
 misimpression that the junior user is the source of the
 senior user's goods."))

1 by that deception. Plaintiff's only evidence of
2 reputational harm caused by Defendant's use of the
3 ScienceFusion mark is testimony that "[o]ur potential
4 customers wonder if we have the right to use science
5 fusion or if we are some kind of a knockoff company or
6 imposter." (Leach Depo. at 269:6 8.) Even assuming this
7 is sufficient evidence of reputational harm, it does not
8 establish that the reputational harm results from
9 consumers believing that they are "dealing with
10 Plaintiff's game and/or a variation thereof" when
11 purchasing HMH's textbooks.

12 Indeed, EG's testimony regarding reputational harm
13 contradicts the allegation that consumers believe
14 Defendant's textbooks is associated with Plaintiff's
15 game. EG's testimony shows that consumers know the
16 products are separate, but mistakenly believe that HMH
17 owns the trademark to ScienceFusion and that EG might be
18 infringing that mark. Plaintiff points to no evidence
19 suggesting that consumers believe HMH's textbooks are
20 associated with or derivative of EG's Scienauts game.

21 Thus, Defendant has met its initial burden of showing
22 the absence of a genuine dispute of material fact.
23 Plaintiff has not filed any opposition. Accordingly,
24 summary judgment in favor of Defendant on Plaintiff's
25 false advertising claim is appropriate.

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IV. CONCLUSION

2 For the reasons discussed above, Plaintiff's motion
3 for partial summary judgment is DENIED; Defendant's
4 motion for summary judgment is DENIED as to the issue of
5 likelihood of confusion; and Defendant's motion for
6 partial summary judgment is GRANTED as to the issue of
7 monetary damages and as to Plaintiff's false advertising
8 claim.

Dated: June 2, 2015

Virginia A. Phillips

VIRGINIA A. PHILLIPS
United States District Judge